



23 December 2010

FORTUNE OIL PLC
(“Fortune Oil” or the “Company”)

Restructuring Natural Gas Business

Fortune Oil has entered into a conditional agreement to sell its indirect 51% equity interest in Henan Fortune Green Energy Development Co Ltd (“HFGE”), a company that is engaged in natural gas and liquefied natural gas operations in China, to Henan Green Energy Group Holding Company Ltd (“Green Energy Group”) which owns the remaining 49% equity interest. The consideration for the sale is RMB 154 million (£14.9 million) payable in cash by 31 March 2011 resulting in a pre-tax gain on disposal of approximately RMB 45 million (£4.4 million).

In addition, the inter-company loan between Fortune Oil and HFGE will be purchased by Green Energy Group at par plus accrued interest in the amount of RMB 96 million (£9.3 million). Should Green Energy Group fail to make the payment of RMB 154 million (£14.9 million) by 31 March 2011, Fortune Oil has an option to purchase Green Energy Group’s 49% equity interest for the same consideration.

HFGE had gross assets of £43.2 million as at 31 December 2009 and generated a profit before tax of £3.8 million for the year ended 31 December 2009.

The funds realised in the amount of RMB 250 million (£24.2 million) will be utilised for the further development of the natural gas business.

As a result of the Green Energy Group owning 49% of the issued shares of HFGE it is a Related Party for the purposes of the UK Listing Rules and the transaction is a Related Party transaction. Accordingly, for the sale to occur, Fortune Oil is required to issue a circular to all shareholders and to obtain shareholder approval in a General Meeting. The Company expects to post the circular to shareholders in February 2011.

Fortune Oil is in the process of restructuring and rationalizing its Natural Gas business to drive financial performance with the aim of increasing shareholder value.

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